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Solid Wood Products

Annual

2005

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Report Highlights:

2004 was a banner year for U.S. wood exports to Malaysia. Imports of U.S. temperate hardwood lumber rose 55% and retained the position as the top supplier. Imports of U.S. softwood lumber also rose 17.5% although Finland overtook the U.S. as the Number 1 supplier. The 2005 outlook for U.S. wood is bright as the Malaysian furniture and flooring industries set to further expand in the overseas market.

The Malaysian timber industry performed very well in 2004. Exports of logs and lumber rose 1.2% and 2% respectively. Overall export earnings from timber products chalked up an impressive 21% growth. The 2005 outlook is optimistic with the industry expecting a 10% growth in export earnings in 2005. On June 28 2005, Malaysia imposed a ban on exports of rubberwood to assure supplies to the domestic furniture industry. Previously, small amount of rubberwood were exported under quota.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Kuala Lumpur [MY1]
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Executive Summary

2004 is the banner year for U.S. wood exports to Malaysia. Total U.S. export earnings soared 30% to an all-time record of US\$39 million. In term of volume, Malaysian imports of U.S. temperate hardwood lumber rose 55% and accounted for 60% of the Malaysian temperate hardwood import market. Imports of U.S. softwood lumber also rose 53%, reflecting a sharp increase in overseas demand for softwood furniture. Imports from Finland made formidable inroads and overtook the US as the top softwood supplier to Malaysia.

The Malaysian timber industry performed very well in 2004. Overall export earnings from timber products rose 21% to US\$5.2 billion in 2004. In terms of volume, the increase in exports of lumber (+17%) more than offset the drop in exports of logs (-6.4%). Plywood exports rose 15% reflecting stronger demand from Japan while veneer exports recorded a drop during the year. The furniture sector fared better, chalking up an impressive 16% growth in export earnings.

Malaysia's total round-wood production and lumber rose 1.2% to 21.8 million cubic meters (cum) and 2% to 4.9 million cum respectively in 2004. Malaysia's plywood production rose 8.4% to 4.4 million cum while veneer production recorded a small drop during the year.

The outlook for log production in 2005 is more optimistic with the GOM's expectation of a 10 percent increase in export earnings from timber products. The furniture industry plans to hold two trade shows a year to cater for growing overseas demand. The expanding furniture and flooring sectors present abundant opportunities for U.S. wood products. Post foresees another growth year for U.S. wood albeit at slower rate in 2005. However in face of growing competition, American wood suppliers must move more aggressively into the Malaysian market in order to increase market share.

Table below shows that the timber product sector remained as the country's third commodity export earner after petroleum products and palm oil/palm based products

Malaysia's Export Earnings by Major Commodities
(RM billion)

	2002	2003	2004
Total Exports of which,	354.4	398.8	480.7
Petroleum Products	18.3	23.9	33.8
Palm Oil/Palm Based Products	20.8	27.7	29.1
Timber Products	15.3	16.3	19.8
Rubber	2.5	3.6	5.2

Note: Exchange rate pegged at US\$1.00 = RM3.80 since Sept. 1998

Malaysia: Export of Major Timber Products, January-December 2003-2004
(FOB Value in RM million)

PRODUCTS	Peninsular Malaysia		Sabah		Sarawak		Total	
	2003	2004	2003	2004	2003	2004	2003	2004
Logs	na	4	312	381	1689	1685	2001	2070
Lumber	1051	1327	470	664	784	852	2305	2843
Plywood	193	250	1172	1614	2700	3781	4065	5645
Veneer	14	17	132	131	212	223	358	371
Molding	359	409	166	141	69	96	594	646
Dressed Timber	199	na	64	na	na	na	263	0
Woodchips	na	na	na	na	18	na	18	0
Chipboard	86	142	11	17	5	37	102	196
M.D. Fibreboard	848	877	na	na	131	144	979	1021
Wooden Frame	101	113	3	2	na	na	104	115
Building Joinery	677	845	7	26	120	225	804	1096
Wooden Furniture	4545	5339	109	75	16	25	4670	5439
Rattan Furniture	53	48	na	na	na	na	53	48
Other Timber Products	na	208	na	28	na	40	0	276
Grand Total	8126	9579	2446	3079	5744	7108	16316	19766

Source: Monthly timber bulletin of Malaysian Timber Industry Board

Note: Exchange rate pegged at US\$1.00 = RM3.80 since Sept. 1998

Key Economic Indicators for Malaysia
(Value in US\$ million unless otherwise specified)

	2003	2004(e)	2005(f)
Income, Production, Employment:			
Population (millions)	25.1	25.6	26.1
GDP in 1987 Prices	60,967	65,232	69,116
Percent Growth	5.3%	7.0%	5.95%
GDP at Current Prices	97,809	108,367	114,778
Percent Growth	10.4%	10.8%	5.92%
Per Capita GDP (Curr. US\$)	3,905	4,236	4,393
Official Unemployment Rate	3.6%	3.5%	3.4%
Money and Prices:			
Inflation (CPI)	1.2%	1.4%	2.5%
Average Commercial Rate (BLR)	6.0%	5.98%	-
Balance of Payments:			
Merchandise Exports (FOB)	104,969	123,116	135,276
Merchandise Imports (CIF)	83,617	102,132	112,526
Exchange Rate (avg., per US\$)	3.80	3.80	3.80

Sources: Bank Negara Annual Report 2004/05, Ministry of Finance Economic Report 2004/05 and US Embassy Estimates.

Note: Exchange rate pegged at US\$1.00 = RM3.80 since Sept. 1998

Production

-The Forest Resource Base

Natural Forest

The total area of natural forest in Malaysia at the end of 2004 was estimated to be 17.7 million hectares (MH) or 54% of the total land area. The proportion of forested land is higher in Sabah and Sarawak than in Peninsular Malaysia. Approximately, 5.8 million hectares are located in Peninsular Malaysia, 8.0 MH in Sarawak and 3.9 MH in Sabah.

Of the total natural forest, Malaysia has a total of 14.2 million hectares of forested land designated as the Permanent Forest Estate (PFE) which is under sustainable management. Approximately 11.1 million hectares of the Permanent Forest Estate are production forest with the remaining 3.1 million hectares being protected, non-commercial forest.

Plantation Forests

Total planted forests in the country amounted to about 244,000 hectares by the end of 2004. Malaysia aims to double its planted forest to 500,000 hectares and the plan will include the participation of the private sector, government-linked companies and state governments. Under the current negotiation of a free trade agreement between Malaysia and New Zealand, the GOM seeks to draw on the expertise of New Zealand in forest plantation.

The State of Sabah leads in forest plantation with an area of 110,000 hectares. The three companies namely, Sabah Forest Industries, Sabah Softwoods Sdn.Bhd, and Safoda accounted for 90 percent of the planted area.

Sarawak has planted about 60,000 hectares with fast growing exotics and indigenous tree species. The Sarawak State Government set a target to establish about 1.4 million hectares of planted forest in the next 20 years but the progress has been slow. Investment incentives were given in the form of pioneer status, investment tax allowance, agriculture allowance, low annual land rental and reduced annual fee for planted forest license.

Planted forest in Peninsular Malaysia recorded a slight increase to 74,310 ha in 2004. In order to promote the rubberwood-based furniture industry, the GOM is undertaking the planting of 25,000 ha of rubber per year for 15 years. For this purpose, the GOM has established a Rubber Forest Plantation Fund with an initial allocation of US\$52.6 million in the form of soft loans. The GOM is also encouraging the planting of a new specie, 'Kenaf', from the hibiscus family, in replantation project for production of fiberboard.

Sustainability of the Forest Resources

The Malaysian timber certification scheme, operated by the Malaysian Timber Certification Council (MTCC), continued to make some progress in 2004. To date, eight states have been awarded the Certificates for Forest Management and nearly 40 timber companies have been given permits to use the MTCC logo to provide assurance of sustainable and legal source of forest products to buyers of Malaysian timber products. Denmark, the United Kingdom and the Netherlands have accepted the MTCC scheme as one of its accepted certification schemes in its Environmental Guidelines for Purchasing Tropical Timber. MTCC has on-going

cooperation with other international timber certification schemes and is a member of the Program for the Endorsement of Forest Certification Schemes (PEFC).

Timber Products

--Production Trends

Malaysia's total round-wood production rose 1.2 percent to 21.8 million cubic meters (cum) in 2004, mainly due to a small increase in opening of forestland in Peninsula Malaysia as well as in the state of Sabah for logging. Log output in the state of Sarawak was marginally down as its Forest Department became a corporation that involved some major reorganizations. The production of lumber for the whole of Malaysia rose nearly 2 percent to 4.9 million cum in 2004. Malaysia's plywood production increased by 4.3 percent to 5 million cum. However, veneer production recorded a drop during the year, reflecting weaker overseas demand for Malaysian veneers.

The outlook for log production in 2005 is more optimistic with an expected further increase in overseas demand for log and timber products. The GOM expects a 10 percent increase in export earnings from wood products in 2005 in anticipation of stronger overseas demand, particularly from China, the Middle East and Eastern European countries. The expected increase in log output will have a strong positive impact on output of lumber and plywood in 2005 and 2006.

Market Section

--Construction Sector

Industry Outlook

The Malaysian construction sector contracted by 1.9 percent in 2004 compared to a 2 percent growth in 2003. Lower civil engineering activities offset the expansion in the residential and commercial sectors. Government expenditure in infrastructure projects slowed due to the completion of several privatized projects under the Eighth Malaysian Plan (2001-2005) and lower Government investment in new large infrastructure.

The decline in civil engineering activity was partially mitigated by higher construction in the oil and gas sector following the discovery of several new oil fields offshore the state of Sabah. On going construction activities in the civil engineering sector was largely for power generation plant, roads, airports and sewerage projects. In April 2005, the GOM announced plans to spend US\$4.4 billion to modernize its railways and launch other projects during the Ninth Malaysian Plan (2006-2010).

Strong demand for residential property resulted in a 6 percent growth in incoming supply of new houses in the first nine months of 2004. In line with its effort to provide affordable houses to the low-income group, the Government has allocated US\$205 million for the construction of 21,000 low-cost houses in 2005.

Construction activity in the commercial sector recovered in 2004, driven largely by higher demand for office and retail space. Both completed office and retail space recorded increases in 2004 (see table for details).

Market Impediments

Given the fact that Malaysia is one of the largest producers of hardwood in the world, U.S. wood products are unlikely to penetrate into the Malaysian construction sector. Moreover, Malaysia is in close proximity to timber-rich countries like Indonesia and Papua New Guinea.

Market Opportunities

Unless the timber resources in Malaysia, Indonesia and P.N.Guinea are exhausted, market opportunities for U.S. wood products in the construction sector are extremely limited.

--Furniture/Interiors Sector

Industry Outlook

The Malaysian furniture/interiors sector showed another strong performance in 2004. A total office area of 221,500 sq meters was completed in and around Kuala Lumpur during Jan-Sept 2004, a sharp increase from 2003. With the completion of several new shopping complexes, the retail sector also recorded an addition of 265,000 sq meters over the same period. The condominium and apartment sector showed a similar trend with 14,626 units completed during the first 9 months of 2004. In addition, 235 new hotels/resorts with an additional 6,755 rooms were completed throughout Malaysia in 2004. At least 12 hotels (including Hyatt and Four Seasons) are expected to be completed around Kuala Lumpur and Putra Jaya during 2005/06. The GOM is on track in building a new Administrative Center at

Putrajaya. To date, most of the main government buildings, 2 hotels, residential units and a shopping mall have been completed. In the pipeline are commercial projects, diplomatic chanceries, sport and recreational components, and two more hotels. Next to Putrajaya is Cyberjaya, the new 'intelligent' city which is the base for international multimedia companies. Recently completed projects in Cyberjaya include the Multimedia University, NTT R&D Center, Shell Company, DHL Center and up-scale homes. All these developments provide opportunities for the expansion of the furniture/interiors sector and the increased use of US hardwood.

Malaysia is also fast becoming a base for engineered solid hardwood flooring for the domestic as well as overseas market. Ultraviolet-cured urethane coating system is used to form a durable and wear-resistance protection to the boards. Manufacturers are turning to use temperate hardwood and softwood veneer for the top layer.

Supply of Office Space, Retail Space, Condominiums and Apartments in Klang Valley 1/

	Office Space		Retail Space		Condominiums & Apartments
	Square Meters added	Occupancy rate (%)	Square Meters added	Occupancy rate (%)	Units
1994	192,808	94.3	117,340	98.5	9,331
1995	362,851	94.9	341,091	96.1	17,822
1996	296,742	95.5	136,964	92.8	14,568
1997	869,394	94.9	362,574	90.5	5,473
1998	1,158,776	79.9	364,027	61.7	14,380
1999	265,645	76.2	89,787	76.6	9,547
2000	1,374,452	76.9	218,562	78.5	5,466
2001	134,826	74.7	24,096	79.7	17,067
2002 2/	374,750	77.9	210,657	77.7	20,465
2003 2/	169,548	80.0	507,637	77.9	21,335
2004 3/	221,532	81.9	265,324	79.6	14,626
1/ Refers to Kuala Lumpur & Selangor D. E.					
2/ Revised					
3/ Jan-Sept.					
Source: NAPIC, Valuation and Property Services Department					

Malaysia is within the top 10 exporters of furniture in the world. The demand for Malaysian furniture exports increased significantly, with export earnings rising 16 percent to RM5.4 billion (US\$1.4 billion) in 2004. The United States remains the largest single market for Malaysian wooden furniture (34%), with export earnings increasing by 17 percent. With the exceptions of the Singapore and Saudi Arabia, exports to most other major countries recorded increases.

The industry is more optimistic for 2005. Besides the annual Malaysian International Furniture Fair (MIFF) 2005, held in Kuala Lumpur in early March 2005, two other furniture shows 'piggybacked' on MIFF. The GOM now intends to have two buying seasons in a year (namely March and September) but have only one fair instead of three running concurrently. The GOM expects Malaysia's furniture export earnings to exceed US1.6 billion in 2005.

Malaysia: Exports of Wooden Furniture
(in million RM)

	2002	2003	2004
U.S.A.	1,508	1,577	1,844
Japan	556	497	578
United Kingdom	448	495	556
Australia	274	357	505
U.A. Emirates	130	186	239
Canada	174	186	205
Singapore	225	319	188
Saudi Arabia	99	126	107
Ireland	51	57	84
Netherlands	37	57	79
Others	672	813	1,054
--Total	4,174	4,670	5,439

Exchange rate pegged at US\$1.00 = RM3.80

Malaysian imports of temperate hardwood lumber rose 60 percent in 2004 reflecting the sharp increase in overseas demand for Malaysian furniture and the expansion of engineered solid hardwood flooring sector. Imports from the U.S. showed a 55 percent jump to 33,179 cum in 2004 compared to a drop of 25% in 2003. Imports from the U.S. accounted for 60% of Malaysia's total temperate hardwood import market in 2004. Australia made significant inroads in 2004 and emerged as the second top supplier. Germany, Canada and Denmark were the other top traditional competitors. New emerging competing countries include France and Bulgaria. In value terms, exports of U.S. logs and lumber to Malaysia recorded a 39% and 38% increase respectively.

Imports of softwood lumber also rose 17.5 percent in 2004, reflecting a sharp increase in overseas demand for softwood furniture. Imports from the U.S. increased by 53 percent while Finland, with a surge in exports to Malaysia overtook the U.S. as the top softwood supplier. Decreases in imports from New Zealand, Germany and Canada were partially offset by increases from emerging contenders such as China, Bulgaria and Estonia.

Malaysia: Imports of Temperate Hardwood Lumber
(Cubic meter)

	2002	2003	2004
U.S.A.	28,636	21,388	33,179
Australia	999	763	4,705
Canada	3,743	2,579	3,611
Germany	8,832	4,834	3,275
Denmark	3,914	1,283	3,197
China	506	388	2,041
South Africa	0	788	984
Austria	2,613	834	701
Netherlands	0	300	690
Belgium	589	438	674
Ukraine	0	387	624
France	0	0	562
Finland	0	0	391
New Zealand	0	0	272
Bulgaria	0	0	172
Sweden	149	0	119
U.K.	0	233	0
Romania	0	222	0
-- Total	49,981	34,437	55,197

Malaysia: Imports of Temperate Softwood Lumber
(Cubic Meter)

	2002	2003	2004
U.S.A.	2,900	3,111	4,767
Finland	4,280	3,524	5,684
New Zealand	4,369	3,580	1,604
Germany	352	1,339	850
Canada	1,608	1,422	783
China	0	0	601
Bulgaria	0	0	358
Austria	0	0	318
Brazil	496	110	282
Denmark	0	228	214
South Africa	305	39	194
Netherlands	0	0	107
Estonia	0	0	102
Sweden	1,412	96	0
Italy	403	52	0
--TOTAL	16,125	13,501	15,864

Market Impediments

Lack of knowledge of U.S. hardwood and softwood is still a constraint, especially the technical application of popular U.S. hardwoods in making furniture and flooring in Malaysia. Lack of linkage between Malaysian importers/users and US wood suppliers is often cited as another constraint. There is also still a need to reach a wider range of potential users such as housing, shopping, restaurants and hotel/resort developers.

Market Opportunities

Much of the success of the Malaysian furniture industry is directly attributable to coupling cheaper native woods, such as rubberwood and particleboards, with high-value veneers from the U.S. Strong increases in market share of U.S. temperate hardwood veneer and hardwood logs in past years confirms this trend. As Malaysia moves into the top ten furniture exporters in the world, the U.S. wood industry, if properly positioned, would largely benefit from the development.

The American Hardwood Export Council (AHEC) has done a commendable job of increasing the awareness of U.S. hardwoods in Malaysia. In 2004/05, its main activities were participating in a major furniture show in Kuala Lumpur, conducting 3 seminars - one each for the furniture manufacturers, interior designers and architects and holding two regional 'Greater China and S.E.Asia' conferences involving speakers/panelists from Malaysia.

The newly opened Kuala Lumpur Convention Center (KLCC) on June 15. Touted as one of the best convention facilities in the region, KLCC used American red alder veneer panels to grace the walls of all the V.I.P. and executive boardrooms. The paneling was funded under a Quality Samples Program. The KLCC's Project Team was extremely pleased with the outcome and mentioned that the Malaysian Prime Minister used one of these rooms for his press interview during the first exhibition event. This was indeed an achievement for American hardwood in view of the strong pressure to use Malaysian wood throughout the project. This was only made possible due to a post-initiated EMO project to take a team of the KLCC decision makers (including architects and interior designers) to the States to see and appreciate the applications of U.S. hardwoods in large scale, convention and hospitality settings in July 2003.

For the coming year, Post recommends the following:

1. Continue to conduct technical seminars in Malaysia on a yearly basis in order to increase the level of technical knowledge and application of U.S. hardwoods in making furniture and flooring. Another Pan Asian Architectural Seminar should be scheduled for Kuala Lumpur in late 2006 or early 2007.
2. That AHEC bring another team of present/potential U.S. wood users/buyers to the States for an exposure/buying mission, probably to coincide with the Lumber and Building Material Expo or the International Builders' Show. This might address the constraint of the lack of a large, existing distribution network in Malaysia.
3. That AHEC works together with Post to conduct a tour of buildings around Kuala Lumpur that had incorporated U.S. wood in their interiors. The target group could consist of specifiers and journalists.
4. Encourage U.S. wood suppliers to team up with AHEC to participate at trade shows in order to increase their visibility in the local market and to make direct contact with local furniture manufacturers.

The following event will provide opportunities for U.S. trade associations and firms to learn more about, and to be involved in the Malaysian furniture market

Date: March 7-11, 2006
Event: Malaysian International Furniture Fair (MIFF) 2006
Venue: Kuala Lumpur Convention Center

MIFF is developing into a premium international furniture fair in the region and had received full accreditation since November 2000 from the Union des Foires Internationales (UFI), the world's leading authority on trade fairs. This export-oriented exhibition, showcasing the latest designs for the world-wide market, represents the largest collection of Malaysian furniture for the global market. It accounts for about 40 percent of Malaysia's total annual furniture exports. AHEC (S.E.Asia) was the only foreign timber association to have the privilege of participating in MIFF 2005. (For details, please e-mail info@miff.com.my)

Without concerted marketing efforts, U.S. market share will be slowly eroded by aggressive competitors, i.e. Australia, Germany and Canada for hardwood; and Finland, New Zealand, Germany, Canada and the Eastern European countries for softwood.

--Materials Handling Sector

Industry Outlook

Materials handling is very much tied to the manufacturing sector. In 2004, manufacturing output recorded a 12.7 percent growth. The electronic and wood & wood product sectors recorded the strongest growth.

Manufacturing Production: Selected Indicators (1993=100)

	Index		Change in %	
	2003	2004	2003	2004
Radio and television sets	134.4	133.3	-14.6	-14.8
Electronics	351.3	439.0	15.1	25.0
Manufacture of office, computing and accounting machinery	156.6	144.5	-11.1	-7.7
Manufacture of refrigerating, exhaust, ventilating and air-conditioning machinery	180.6	177.3	11.6	-1.8
Textiles and wearing apparel	109.0	96.2	-2.2	-11.7
Wood and wood products	99.5	112.2	0.9	12.7
Food Products	183.0	188.5	8.8	3.0
Beverages	147.3	144.5	20.8	-1.9
Tobacco Products	153.8	157.7	3.9	2.6

Market Impediments

Malaysia has an ample supply of low-priced timber for making packaging, pallets, and crates. Furthermore, there are plenty of saw tailings and palm fibers for this sector.

Market Opportunities

For the near term, market opportunities for US products are nil.

--Export Sector

Competitor Activities

The Malaysian Timber Council (MTC) together with the Malaysian Timber Industry Board (MTIB) in Peninsular Malaysia, the Sarawak Timber Industry Development Corporation (STIDC), and the Timber Association of Sabah are involved in efforts to promote the use of Malaysian timber products.

Malaysian Timber Council now has three regional marketing offices located in London, Shanghai and Dubai.

For the near term, MTC is giving more attention to China (in view of it being the venue of the 2008 Olympic), Japan (a re-awakening market with prices for wooden products trending upwards), Saudi Arabia & the Middle East (with its current construction boom) and Poland (with a growing joinery and flooring sector).

The following table provides a list of fairs and exhibitions that MTC planned to participate in 2005.

International Trade Fairs 2005	
Date	Event
January 15-18	DOMOTEX 2005, Hannover, Germany
January 26-28	SURFACES 2005, Las Vegas, U.S.A.
March 22-24	DOMOTEX ASIA Shanghai, P.R. China
April 29- May 3	INTERZUM 2005, Cologne, Germany
May 4-8	ARCHITECT 2005, Bangkok, Thailand
October 12-16	INTER-FURN 2005, Mumbai, India
Trade Missions 2005	
April	Ministerial Mission To New Zealand, Australia
November/December	Ministerial Mission To U.A.E.
Promotion Booths 2005	
MTC Highquarter	
February 10-12	Lumber and Building Material Expo 2004, Boston U.S.A.
June 5-8	Designbuild Australia 2005, Sydney, Australia
August 12-14	CONSTRUCT 2005, Colombo, Sri Lanka
MTC London Branch	
January 17 - 22	BAU 2005, Munich, Germany
January 25 - 28	BUDMA 2005, Poznan, Poland
March 16 - 20	SAIEDUE 2005, Bologna, Italy

April 5 - 9	CONSTRUMA 2005, Budapest, Hungary
September 4 - 6	SPOGA 2005, Cologne, Germany
September 20 - 24	FOR ARCH 2005, Prague, Czech Republic
November 9 - 10	MADERALIA 2005, Valencia, Spain
November 7 - 12	BATIMAT 2005, Paris, France
MTC Shanghai Branch	
February 25- March 2	KyungHyang, Seoul, South Korea
July 6-9	China International Building & Decoration Fair, Guangzhou, China
September 13-16	China International Floor Coverings & Carpet Fair, Beijing, China
November 3-6	Beijing International Furniture, Woodworking Machinery & Wood Products Exhibition, Beijing, China
November 8-11	Japan Home & Building Show, Tokyo, Japan
MTC Dubai	
April 4 - 7	REBUILD IRAQ 2005, Amman, Jordan
June 7 - 11	PROJECT LEBANON 2005, Beirut, Lebanon
June 16 - 20	INTERBUILD CAIRO, Cairo, Egypt
September 18 - 21	PROJECT QATAR, Doha, Qatar
November 28- December 2	INDEX 2005, Dubai, UAE
November 28- December 1	Tehran International Construction & Building Fair, Iran
December 11 - 15	SAUDIBUILD, Riyadh, Saudi Arabia

Technology Study Mission 2005	
March 20- 26	Technology Study Mission to China In conjunction with WoodMac China 2005, Furnitek China 2005 & WoodBuild China 2005, Shanghai, plus industry visits
January 15-18	Technology Study Mission to Germany In conjunction with LignaPlus 2005, Hannover & Interzum 2005, Cologne

For details or updates, please visit website: www.mtc.com.my/fairs2005.htm

Trade Policy

On June 28 2005, the GOM imposed a ban on exports of rubber-wood lumber in an effort to ensure adequate supply of rubber-wood to the domestic furniture manufacturers. Malaysia exported 764,000 cum of rubber-wood in 2004, mainly to China, Hong Kong and Taiwan.

Trade Section

Malaysia: Exports of Tropical Hardwood Logs, 2003
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
India	0	88	1,276	1,364
Japan	0	187	1,148	1,334
China	0	158	1,159	1,317
Taiwan	0	27	673	700
Vietnam	0	130	202	332
South Korea	0	22	117	139
Hong Kong	0	7	97	104
Thailand	0	18	41	59
Indonesia	0	49	0	49
Philippines	0	27	6	33
Pakistan	0	8	15	23
Bangladesh	0	4	3	7
Saudi Arabia	0	0	3	3
South Africa	0	2	0	2
Kuwait	0	1	0	1
--TOTAL	0	727	4,742	5,468

Malaysia: Exports of Tropical Hardwood Logs, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
Japan	0	203	988	1,191
India	0	6	1,171	1,178
China	10	328	807	1,145
Taiwan	0	11	725	736
Vietnam	0	176	261	437
Indonesia	0	135	0	135
South Korea	0	18	108	125
Thailand	0	62	23	86
Hong Kong	0	15	32	47
Pakistan	0	0	15	15
Philippines	0	12	1	13
British Virgin Islands	0	4	0	4
Singapore	1	0	2	3
North Korea	0	2	0	2
Switzerland	0	1	0	1
--TOTAL	11	974	4,133	5,118

Malaysia: Exports of Tropical Hardwood Lumber, 2003
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	3	3	1	7
Thailand	270	88	316	674
Taiwan	18	40	150	207
Netherlands	144	44	4	193
China	60	9	84	153
Singapore	101	4	47	152
Philippines	0	11	106	117
Japan	36	40	21	97
Hong Kong	42	33	17	92
South Korea	10	20	52	82
Yemen Rep. of	11	1	67	79
Others	237	132	134	503
--TOTAL	932	423	999	2,354

Malaysia: Exports of Tropical Hardwood Lumber, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	19	5	2	26
Thailand	320	144	316	781
Taiwan	20	38	170	227
China	116	12	76	203
Netherlands	142	55	2	200
Singapore	110	5	50	165
Japan	44	86	19	150
Philippines	0	20	94	114
Yemen Rep. of	8	0	99	106
South Africa	14	65	26	105
Others	337	137	211	685
--TOTAL	1,131	566	1,064	2,761

Malaysia: Exports of Tropical Hardwood Veneer, 2003
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	0	1	0	1
South Korea	0	69	58	126
Taiwan	1	21	56	78
Philippines	0	12	65	77
Hong Kong	0	4	57	61
Japan	0	20	32	52
China	1	6	39	46
Thailand	0	0	5	5
Denmark	0	0	5	5
Saudi Arabia	0	0	3	3
Australia	1	1	0	3
Other's	3	1	1	5
--TOTAL	6	135	321	462

Malaysia: Exports of Tropical Hardwood Veneer, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	0	0	0	0
South Korea	0	66	61	127
Taiwan	1	15	77	92
Philippines	0	10	43	53
Japan	0	20	28	48
China	0	4	22	26
Hong Kong	0	2	13	15
Thailand	0	0	7	7
Australia	1	0	0	1
Other's	3	2	19	24
--TOTAL	5	120	269	394

Malaysia: Exports of Tropical Hardwood Plywood, 2003
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	4	209	181	394
Japan	3	285	1,486	1,775
South Korea	4	209	292	505
Taiwan	4	96	136	237
Hong Kong	2	24	99	125
Egypt	0	57	34	91
Singapore	38	17	29	85
U.K.	32	8	44	84
Mexico	0	41	37	78
China	0	1	69	71
Thailand	6	35	26	67
Others	60	39	161	260
--TOTAL	155	1,022	2,594	3,771

Malaysia: Exports of Tropical Hardwood Plywood, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	4	282	242	529
Japan	2	413	1,637	2,053
South Korea	0	204	207	411
Taiwan	3	136	185	323
United Kingdom	65	13	91	168
China	0	1	113	115
Hong Kong	0	19	63	82
Singapore	30	11	27	68
Thailand	15	30	17	62
Yemen Rep. of	0	0	25	25
Others	62	198	253	513
--TOTAL	182	1,306	2,860	4,348

Tropical Hardwood Logs PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Production	22500	21793	22000	22700	0	23000
Imports	100	68	100	70	0	75
TOTAL SUPPLY	22600	21861	22100	22770	0	23075
Exports	5650	5118	5700	5220	0	5320
Domestic Consumption	16950	16743	16400	17550	0	17755
TOTAL DISTRIBUTION	22600	21861	22100	22770	0	23075

Tropical Hardwood Logs Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Burma	29	Burma	51
Indonesia	18	Philippines	7
Solomon Island	10	Thailand	3
P. New Guinea	4	Indonesia	2
Philippines	1	P. New Guinea	2
Singapore	1	Singapore	1
Total for Others	63		66
Others not Listed			2
Grand Total	63		68

Tropical Hardwood Logs Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2003		2004
U.S.		U.S.	
Others		Others	
India	1364	Japan	1191
Japan	1334	India	1178
China	1317	China	1145
Taiwan	700	Taiwan	736
Vietnam	332	Vietnam	437
South Korea	139	Indonesia	135
Hong Kong	104	South Korea	125
Thailand	59	Thailand	86
Indonesia	49	Hong Kong	47
Philippines	33	Pakistan	15
Total for Others	5431		5095
Others not Listed	37		23
Grand Total	5468		5118

Tropical Hardwood Lumber PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Production	4900	4857	5200	5080	0	5235
Imports	600	548	700	600	0	650
TOTAL SUPPLY	5500	5405	5900	5680	0	5885
Exports	2800	2761	3000	2520	0	2280
Domestic Consumption	2700	2644	2900	3160	0	3605
TOTAL DISTRIBUTION	5500	5405	5900	5680	0	5885

Tropical Hardwood Lumber Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Indonesia	516	Indonesia	413
Thailand	25	Thailand	109
Burma	4	Philippines	13
Philippines	4	Burma	8
		Brazil	2
		Cambodia	2
		Ghana	1
Total for Others	549		548
Others not Listed			
Grand Total	549		548

Tropical Hardwood Lumber Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2003		2004
U.S.	7	U.S.	26
Others		Others	
Thailand	674	Thailand	781
Taiwan	207	Taiwan	227
Netherlands	193	China	203
China	153	Netherlands	200
Singapore	152	Singapore	165
Philippines	117	Japan	150
Japan	97	Philippines	114
Hong Kong	92	Yemen Rep. Of	106
South Korea	82	South Africa	105
Yemen Rep. Of	79	South Korea	86
Total for Others	1846		2137
Others not Listed	501		598
Grand Total	2354		2761

Temperate Hardwood Lumber PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Temperate Hardwood Lumber			1000 CUBIC METERS		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Production	0	0	0	0	0	0
Imports	50	55	60	60	0	65
TOTAL SUPPLY	50	55	60	60	0	65
Exports	0	0	0	0	0	0
Domestic Consumption	50	55	60	60	0	65
TOTAL DISTRIBUTION	50	55	60	60	0	65

Temperate Hardwood Lumber Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Temperate Hardwood Lumber		
Time Period	Jan-Dec	Units:	CUM
Imports for:	2003		2004
U.S.	21388	U.S.	33179
Others		Others	
Germany	4834	Australia	4705
Canada	2579	Canada	3611
Denmark	1283	Germany	3275
Austria	834	Denmark	3197
South Africa	788	China	2041
Australia	763	South Africa	984
Belgium	438	Austria	701
China	388	Netherlands	690
Ukraine	387	Belgium	674
Netherlands	300	Ukraine	624
Total for Others	12594		20502
Others not Listed	455		1516
Grand Total	34437		55197

Hardwood Veneer PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Veneer				1000 CUBIC METERS	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Production	605	485	560	500	0	510
Imports	0	29	0	35	0	40
TOTAL SUPPLY	605	514	560	535	0	550
Exports	450	393	400	400	0	405
Domestic Consumption	155	121	160	135	0	145
TOTAL DISTRIBUTION	605	514	560	535	0	550

Hardwood Veneer Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Veneer		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2003		2004
U.S.	4	U.S.	7
Others		Others	
China	7	China	8
Germany	4	Germany	5
Canada	1	Taiwan	2
Taiwan	1	Canada	1
Philippines	1	New Zealand	1
		Singapore	1
		Finland	1
Total for Others	14		19
Others not Listed			3
Grand Total	18		29

Hardwood Veneer Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Veneer		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2003		2004
U.S.	1	U.S.	
Others		Others	
South Korea	126	South Korea	127
Taiwan	78	Taiwan	92
Philippines	77	Philippines	53
Hong Kong	61	Japan	48
Japan	52	China	26
China	46	Hong Kong	15
Thailand	5	Thailand	7
Denmark	5	Australia	1
Saudi Arabia	3		
Australia	3		
Total for Others	456		369
Others not Listed	5		24
Grand Total	462		393

Hardwood Plywood PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Production	4600	4977	4700	5130	0	5280
Imports	2	3	2	2	0	3
TOTAL SUPPLY	4602	4980	4702	5132	0	5283
Exports	3850	4348	3900	4490	0	4600
Domestic Consumption	752	632	802	642	0	683
TOTAL DISTRIBUTION	4602	4980	4702	5132	0	5283

Hardwood Plywood Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Indonesia		1 China	2
Total for Others		1	2
Others not Listed			1
Grand Total		1	3

Hardwood Plywood Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2003		2004
U.S.	394	U.S.	529
Others		Others	
Japan	1775	Japan	2053
South Korea	505	South Korea	411
Taiwan	237	Taiwan	323
Hong Kong	125	United Kingdom	168
Egypt	91	China	115
Singapore	85	Hong Kong	82
United Kingdom	84	Singapore	68
Mexico	78	Thailand	62
China	71	Yemen Rep. Of	25
Thailand	67	Saudi Arabia	17
Total for Others	3118		3324
Others not Listed	260		495
Grand Total	3772		4348

